



(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2021 / 2022 ACADEMIC YEAR

SECOND YEAR 2ND SEMESTER
SPECIAL/SUPPLEMENTARY EXAMINATIONS

**FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL
ECONOMICS & RESOURCE MANAGEMENT**

COURSE CODE: AEC 211/ECO 205
COURSE TITLE: INTERMEDIATE MACROECONOMICS

DATE: 28TH JULY 2022

TIME: 11 AM – 1 PM

INSTRUCTIONS TO CANDIDATES

Answer all Questions in section A and any other two (2) Questions in section B.

TIME: 2 Hours

This paper consists of 2 printed pages. Please Turn Over 

KIBU observes ZERO tolerance to examination cheating

Q1.

Given $C=10+0.2Y^d$, $Y^d=Y-T$, $I=55$, $G=60$, $T=12+0.6Y$, $X=100$, $M=30+0.2Y$, Calculate the following and interpret your results

- a) Equilibrium income (4 Marks)
- b) Equilibrium consumption (4 Marks)
- c) The government spending multiplier, (4 Marks)
- d) The tax multiplier, (4 Marks)
- e) The export multiplier, (4 Marks)
- f) The import multiplier, (4 Marks)
- g) The investment multiplier, (4 Marks)
- h) The level of savings (2 Marks)

Q2.

- a) Explain the factors influencing interest rates of any economy (10 Marks)
- b) Explain the weaknesses encountered in computation of national income (10 marks)

Q3.

- a) Explain the properties of money (10 marks)
- b) Explain role played by central bank in regulation of money supply in the economy (10 marks)

Q4.

- a) Explain the types of unemployment in Kenya (10 marks)

- b) Explain five fiscal policy measures used to curb down inflation in Kenya (10 marks)

Q5

- a) Explain the approaches used to compute national income in Kenya (16 marks)
- b) Explain any two macroeconomic indices used to measure national income (4 marks)